

Ocean Energy Management, Interior

§ 585.520

Before BOEM will . . .	You must provide . . .
(2) Approve your SAP	A supplemental bond or other financial assurance, in an amount determined by BOEM, if upon reviewing your SAP, BOEM determines that a supplemental bond is required in addition to your minimum lease-specific bond, due to the complexity, number, and location of any facilities involved in your site assessment activities.
(3) Approve your COP	A supplemental bond or other financial assurance, in an amount determined by BOEM based on the complexity, number, and location of all facilities involved in your planned activities and commercial operation. The supplemental financial assurance requirement is in addition to your lease-specific bond and, if applicable, the previous supplement associated with SAP approval.
(4) Allow you to install facilities approved in your COP	A decommissioning bond or other financial assurance, in an amount determined by BOEM based on anticipated decommissioning costs. BOEM will allow you to provide your financial assurance for decommissioning in accordance with the number of facilities installed or being installed. BOEM must approve the schedule for providing the appropriate financial assurance coverage.

(b) Each bond or other financial assurance must guarantee compliance with all terms and conditions of the lease. You may provide a new bond or increase the amount of your existing bond, to satisfy any additional financial assurance requirements.

(c) For hydrokinetic commercial leases, supplemental financial assurance may be required in an amount determined by BOEM before FERC issues a license.

§ 585.517 How will BOEM determine the amounts of the supplemental and decommissioning financial assurance requirements associated with commercial leases?

(a) BOEM will base the determination for the amounts of the SAP, COP, and decommissioning financial assurance requirements on estimates of the cost to meet all accrued lease obligations.

(b) We determine the amount of the supplemental and decommissioning financial assurance requirements on a case-by-case basis. The amount of the financial assurance must be no less than the amount required to meet all lease obligations, including:

- (1) The projected amount of rent and other payments due the Government over the next 12 months;
- (2) Any past due rent and other payments;
- (3) Other monetary obligations; and
- (4) The estimated cost of facility decommissioning, as required by subpart I of this part.

(c) If your cumulative potential obligations and liabilities increase or decrease, we may adjust the amount of supplemental or the decommissioning financial assurance.

(1) If we propose adjusting your financial assurance amount, we will notify you of the proposed adjustment and give you an opportunity to comment; and

(2) We may approve a reduced financial assurance amount if you request it and if the reduced amount that you request continues to be greater than the sum of:

- (i) The projected amount of rent and other payments due the Government over the next 12 months;
- (ii) Any past due rent and other payments;
- (iii) Other monetary obligations; and
- (iv) The estimated cost of facility decommissioning.

§§ 585.518–585.519 [Reserved]

FINANCIAL ASSURANCE FOR LIMITED LEASES, ROW GRANTS, AND RUE GRANTS

§ 585.520 What financial assurance must I provide when I obtain my limited lease, ROW grant, or RUE grant?

(a) Before BOEM will issue your limited lease, ROW grant, or RUE grant, you or a proposed assignee must guarantee compliance with all terms and conditions of the lease or grant by providing either: